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GOODWIN PROCTER LLP
901 NEW YORK AVENUE, N.W.
WASHINGTON, DC 20001

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CHENCINSKI, SIEGFRIED E	

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patentdc@goodwinprocter.com

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**BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES**

Application Number: 09/541,197
Filing Date: April 03, 2000
Appellant(s): GOLDEN, JEROME S.

Carl L. Benson
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed October 10, 2008 appealing from the Office action mailed January 3, 2008.

(1) Real Party in Interest

A statement identifying by name the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

The examiner is not aware of any related appeals, interferences, or judicial proceedings which will directly affect or be directly affected by or have a bearing on the Board's decision in the pending appeal.

(3) Status of Claims

The statement of the status of claims contained in the brief is correct.

(4) Status of Amendments After Final

The appellant's statement of the status of amendments after final rejection contained in the brief is correct.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter contained in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the grounds of rejection to be reviewed on appeal is correct.

(7) Claims Appendix

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Evidence Relied Upon

6154732	TARBOX	11-2000
6,205,434	RYAN ET AL.	3-2001
5,704,045	KING ET AL.	12-1997

6,014,642	EL-KADI ET AL.	1-2000
5,933,815	GOLDEN	8-1999
6,275,807	SCHIRRIPA	8-2001
200100014873	HENDERSON ET AL.	8-2001
5,893,071	COOPERSTEIN	4-1999
6,021,397	JONES	2-2000

Barron's Dictionary of Insurance Terms, 3rd Ed., Barron's Dictionary of Finance and Investment Terms, Barron's Business
Guides, Fifth Ed., 1995, pp. 103-104.
Barron's Dictionary of Finance and Investment Terms, Baron's Financial Guides, Fifth Ed., 1995, P. 119.

(9) Grounds of Rejection

The following ground(s) of rejection are applicable to the appealed claims:

Claim Rejections - 35 USC § 101

35 U.S.C. 101 reads as follows:

> Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

1. Claims 80-93 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.
Claim 80 recites a process comprising the steps of allocating, calculating, recalculating and altering. Claims 81-93 are rejected because of their dependence on independent claim 80.

Based on Supreme Court precedent, a proper process must be tied to another statutory class or transform underlying subject matter to a different state or thing (*Diamond v. Diehr,* 450 U.S. 175, 184 (1981); *Parker* v. *Flook,* 437 U.S. 584, 588

n.9 (1978); *Gottschalk v. Benson,* 409 U.S. *63,* 70 (1972); *Cochrane* v. *Deener,* 94 U.S. 780,787-88 (1876)). Since neither of these requirements is met by the claim, the method is not considered a patent eligible process under 35 U.S.C. 101. To qualify as a statutory process, the claim should positively recite the other statutory class to which it is tied, for example by identifying the apparatus that accomplished the method steps or positively reciting the subject matter that is being transformed, for example by identifying the material that is being changed to a different state.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

2. **Claims 55, 59, 68, 69, 75, 78, 79 and 80 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Tarbox (US Patent 6,154,732) in view of Ryan et al. (US Patent 6,205,434 B1, hereafter Ryan), Barron's Dictionary of Insurance Terms, 3rd Ed., Barron's Dictionary of Finance and Investment Terms, Fifth Ed., 1995 (hereafter Barron's), King et al. (US Patent 5,704,045, hereafter King), El-Kadi et al. (US Patent 6,014,642, hereafter El-Kadi), Golden (US patent 5,933,815), Schirripa (US Patent 6,275,807 B1) and Henderson et al. (US PreGrant Publication 2001/0014873 A1, hereafter Henderson).

Re. Claims 55, 59, 68, 69, 75, 78, 79 and 80, Tarbox discloses a system and method performed at least partially by a programmed computer for planning for, implementing and administering a retirement benefit program including at least one guaranteed, life-dependent retirement benefit to provide a guaranteed lifetime income to at least one person using at least one or more personal financial assets owned by the person, the method comprising:

- Providing retirement investment allocation advice, using related asset allocation analytical models for retirement investment vehicles, and allocating investment assets (Col. 1, ll. 61-64; Col. 2, ll. 35, 58-64).
- Calculating investment recommendations, including calculations made in response to client what-if scenario questions (Col. 10, ll. 35-36);
- Calculating and transmitting the recommendation (Col. 10, ll. 15-20);
- Altering the allocation of funds in a retirement program in accordance with the asset owner's instructions (Col. 10, ll. 24-25).
- An asset allocation program which includes a guaranteed investment contract option (Col. 3, ll. 54-58; Col. 4, ll. 60-65).
- Investment for retirement needs through the full extent of a client's life (Col. 3, l. 54 – Col. 4, l. 18).
- Computer system hardware, including a server, processor, storage, controller (obviously contained since it is a necessary component for making the system work), and other computer hardware and networking components, and computer software/programs to implement the methods steps (Col. 11, l. 19 – Col. 12, l. 56).
- altering the allocation of funds towards achieving the recalculated total current values and the recalculated target benefit payment values in accordance with at least a second set of instructions including at least information specified by the person based on the at least one change to the retirement benefit program (Tarbox, Col. 10, ll. 24-25. The "towards" component is the intended component which is the obvious motivation of the altering and which is also disclosed by Tarbox).

Tarbox does not explicitly disclose:

- Conversion of investments, assets and contracts
- Purchasing of fractions of investments, assets and contracts, including gradual purchases over time.
- Guaranteed life-dependent financial contracts or instruments.

- Recalculations as they apply to the advisor's service activities for the client.
- Financial and statistical information related to future market performance, inflation and interest rates.
- A controller adapted for performing operations of an integrated computer system such as being operatively coupled to storage means for storing information and to calculate and recalculate various values and valuations.

However, financial asset conversions are well known and documented in prior Office Actions, such as in the most recent Office Action dated September 16, 2004 (p. 7, l. 24 – p. 8, l. 18) and April 18, 2007. Such conversion is an old practice in the art, practiced by thousands of licensed CLU's and other practitioners of the art at the time of Applicant's invention.

Allowing a remainder of the funds corresponding to the preexisting asset vehicle to generate investment returns is the non-action or inactive component of the invention.

Conversion of investments, assets and contracts are disclosed by Barron's (Finance – p.119; Insurance – pp. 103-104) and by King (Col. 14, ll. 25, 34, 22-41).

Golden discloses guaranteed life-dependent financial contracts or instruments (Col. 2, ll. 24-40, 58-62).

El Kadi discloses the purchasing of fractions of investments, assets and contracts, including gradual purchases over time (Col. 1, ll. 16-17, Col. 5, ll. 60-62).

Schirripa discloses recalculations as they apply to the advisor's service activities for the client (Col. 16, ll. 54-61).

Henderson discloses financial and statistical information related to future market performance, inflation and interest rates ([0008, 0010, 0011, 0014, 0021, 0030-0052).

Ryan discloses the use of a controller in a retirement planning and benefits management context adapted for performing operations of an integrated computer system such as being operatively coupled to storage means for storing information and to calculate and recalculate various values and valuations (Abstract, ll. 6-8, 11-13, 20-25; Col. 3, l. 56 - Col. 4, l. 43. For example, Col. 4, ll. 12-16 & ff. includes

calculations by the controller … for example values … such as death benefit proceeds or premium reinvestment amounts … Recalculations are implicit.).

The first set of allocation instructions including at least information specified by the person would have been obvious since only the legal owner or his designee(s) with his power of attorney could legally authorize such action;

re. limitation (a) "allocating at selected intervals of an allocation period in accordance with at least a first set of instructions an allocation of a portion of funds corresponding to at least one asset vehicle, containing one or more personal financial assets owned by the person, towards purchasing one or more fractions of at least a first guaranteed life-dependent retirement benefit that provides one or more income benefit payments to the person to gradually purchase the at least first retirement benefit during the allocation period" is essentially a conversion program from one or more assets to another asset.

It would have been obvious for a retirement plan buyer to have wanted to know at any time during the period of his initial inquiries and negotiations with the current practitioner through the first step of conversion until his market based assets were fully converted to life-dependent retirement benefit plans as to what the current value of his current assets was and what the cost of immediate payment of a complete retirement benefit would be if fully paid immediately. Numerous other what-if questions by the asset owner would also have been obvious to expect from the asset owner client or conversion prospect, perhaps for the rest of his coherent life.

Re. limitations (b), (c) and (d), calculating and recalculating current values and future values for any number of future intervals and contractual assumptions and contingencies being considered has been well known in the art, including on an individual, personal actuarial valuation of the benefit and a market value of the asset vehicle. This would include calculations of accelerations being considered, which could involve a shorter time period, fewer number of payments, or complete acceleration to one current payment in full to purchase the entire contract or investment vehicle or full amount being contemplated previously or currently. Recalculations have been an obvious and common component service activity

performed for prospective and existing retirement investment planning clients by the army of ordinary practitioners such as investment advisors, CLU's and personal financial planners, using every legally approved investment contract and forecasting tweak available to a CLU and/or other licensed financial planner and advisor through his licensed and certified training, from his underwriting companies and through his ongoing updates of his professional knowledge base.

The amended language added on October 5, 2007 to specify an "individual, personal actuarial valuation" only makes more explicit what was already implicit and explicit in the preambles of the independent claims (e.g. – preamble: "assets owned by one person"; claim limitations: "personal financial assets owned by the person towards purchasing ... a retirement benefit").

It would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson in order to provide for the planning for, implementing and administering a retirement benefit program including at least one guaranteed, life-dependent retirement benefit to provide a guaranteed lifetime income to at least one person using at least one or more personal financial assets owned by the person, administered through the use of off the shelf computer hardware and a combination of off the shelf and custom computer software, motivated by a desire to secure retirement benefits for workers and provide professional investment advice to benefit plan prospects and participants (Tarbox, Col. 1, ll. 13-14).

Re. Claim 71, Tarbox discloses a server adapted to receive from at least the remote client computer information related to a person-specified benefit desired for the at least first guaranteed retirement benefit, and to process the benefit index information towards implementing the retirement benefit program (See the rejections of claims 55 and 80). None of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson explicitly disclose the person specifying a life-dependent benefit nor an indexed benefit, such as an index selected from the group consisting of (i) a level index, (ii) a COLA (CPI-linked) index, and (iii) a market-linked index. However, such indexes have been well known in art. For example, Social Security benefits are

indexed for the COLA index, and have also been available as part of annuities and other insurance industry products. It would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have combined the teachings of Tarbox with the knowledge of the ordinary practitioner to present retirement benefit programs containing benefit indexation, motivated by a desire to provide professional investment advice to benefit plan prospects and participants (Tarbox, Col. 1, ll. 13-14).

Re. Claim 72, Tarbox discloses a server adapted to receive from at least the remote client computer information related to a person-specified benefit desired for the at least first guaranteed retirement benefit, and to process the benefit index information towards implementing the retirement benefit program (See the rejections of claims 55 and 80). None of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson explicitly disclose the person specifying a payment collar, the person-specified benefit collar corresponding to a percentage range below and above a benefit payment in order to dampen the volatility in income payments received. However, such collars have been well known in the financial arts. It would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have combined the teachings of Tarbox with the knowledge of the ordinary practitioner to present retirement benefit programs containing benefit collars, motivated by a desire to provide professional investment advice to benefit plan prospects and participants (Tarbox, Col. 1, ll. 13-14).

Re. Claim 73, Tarbox discloses a server adapted to receive from at least the remote client computer information related to a person-specified benefit desired for the at least first guaranteed retirement benefit and to process the benefit index information towards implementing the retirement benefit program (See the rejections of claims 55 and 80). None of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson explicitly disclose the person specifying a stop/loss indication, the person-specified stop/loss indication corresponding to a person-defined threshold level the server employs to indicate to the person during the allocation period the asset vehicle has reached at least one of: (i) a desired high market value, (ii) a desired low market value. However, stop/loss arrangements have been well known in the financial arts. It

would have been obvious to an ordinary practitioner of the art at the time of Applicant's invention to have combined the teachings of Tarbox with the knowledge of the ordinary practitioner to present retirement benefit programs containing stop/loss arrangements for market based financial assets, motivated by a desire to provide professional investment advice to benefit plan prospects and participants (Tarbox, Col. 1, ll. 13-14).

Re. Claim 74, Tarbox discloses an integrated computer system wherein the current value of the at least first guaranteed retirement benefit as of the current date and for each of future intervals of the allocation period includes actuarial valuations of the at least first guarantee benefit purchased. None of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson explicitly disclose a life-dependent retirement benefit. However, see the rejections of claims 55 and 80 regarding actuarial valuations of the at least first guarantee life-dependent benefit purchased.

Re. Claims 70 & 90, Tarbox discloses a system and method comprising querying at least the remote client computer to provide information of the risk tolerance of the person (Col. 2, ll. 39-40, 43). The processing of at least one response of the person provides to querying towards implementing the retirement benefit program is discussed above in the rejection of claims 80-89.

Re. Claims 76 & 92, Tarbox discloses a system and method wherein the remote client computer includes a remote computer operated by the client person (Col. 6, ll. 53-65).

Re. Claims 77 & 93, Tarbox discloses a system and method wherein the remote client computer is operatively connected to at least one computing device operated by the person (Col. 6, ll. 50-51).

3. **Claims 56 and 81 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson as applied to claims **55, 59, 68, 69, 75, 78, 79 and 80** above, and further in view of Tyler (US Patent 5,523,942).

Re. Claims 56 & 81, none of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson explicitly disclose a system and method wherein the at least one change to the retirement benefit program specified by the person includes at least one

of: (i) a change in a length of the allocation period, (ii) one or more changes in the at least first guaranteed life-dependent retirement benefit. (iii) one or more modifications of the allocation period, (iv) one or more modifications of the allocation of funds corresponding to the at least one asset vehicle, (v) one or more modifications of the at least first guaranteed life-dependent retirement benefit, and (vi) one or more personal choices specified by the person related to the retirement benefit program. However, the allocation period of Applicant's invention concerns conversion of financial assets and a related period of time. Tyler teaches one or more changes in the at least first guaranteed life-dependent retirement benefit. (Col. 2, ll. 44-55). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa, Henderson and Tyler in order to provide for the planning for, implementing and administering a retirement benefit program including at least one guaranteed, life-dependent retirement benefit to provide a guaranteed lifetime income to at least one person using at least one or more personal financial assets owned by the person, motivated by a desire to respond to a client's request for information on a previously sold product insurance industry product, which includes life dependent annuity products, or projecting the impact on policy values if certain product assumptions are modified, such as a shortening or expansion of a conversion period (Tyler, Col. 2, ll. 44-55).

4. **Claims 57 and 82 are rejected** under 35 U.S.C. 103(a) as being unpatentable over Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson as applied to claims **55, 59, 68, 69, 75, 78, 79 and 80** above, and further in view of Jones and Cooperstein (US Patent 5,893,071).

Re. Claims 57 & 82, none of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson explicitly disclose a system and method comprising calculating a plurality of benefit payments to the person during and after the allocation period and executing payment of each of the plurality of benefit payments to the person, each benefit payment being made to the person during the allocation period comprising a

sum of a portion of funds from the at least one asset vehicle and one or more payments from the at least one guaranteed life-dependent retirement benefit purchased, and each benefit payment being made to the person after expiration of the allocation period comprising payments from the at least one retirement benefit purchased. However, Jones and Cooperstein disclose calculating benefit payments corresponding to said selected retirement benefits for said client during and after said conversion period, wherein said benefit payments during said conversion period are made from said at least one asset vehicle and said purchased benefits, and said benefit payments after said conversion period are provided by said purchased benefits (Jones - Abstract, lines 1-4 - simulation; Cooperstein - Col. 3, lines 30-40 - annuity). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa, Henderson and the disclosures of Jones and Cooperstein in order to provide payments to a beneficiary during an allocated asset conversion program period. The motivation for this combination would have been to provide more disclosure of the workings of the purchased benefit plans so that customers can appreciate and act on the critical components of such contracts (Cooperstein, Col. 3, ll. 6-11).

5. Claims 58, 61-67, 83, 85-89 & 91 are rejected under 35 U.S.C. 103(a) as being unpatentable over Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson as applied to claims **55, 59, 68, 69, 75, 78, 79 and 80** above, and further in view of Jones (US Patent 6,021,397).

Re. Claims 58 & 83, none of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson explicitly disclose a system and method wherein the at least relevant portions of financial and statistical information related to future market performance, inflation and interest rates include at least one of: (i) historical market returns, (ii) simulated market returns, (iii) current interest rates, (iv) simulated interest rates, (v) current cost of living indices, and (vi) simulated cost of living indices, respectively, and wherein the server is further adapted to employ additional information including at least one or more person-specified personal choices related to the retirement benefit

program to calculate the future total current values and the future target benefit payments. However, Jones discloses the use of historical economic factors such as general economic factors such as inflation, historical dividend growth rates, interest rates and other variables as a basis for projecting future financial performance (Col. 12, ll. 60-64). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa, Henderson and the disclosures of Jones to provide relevant portions of financial and statistical information related to future market performance, inflation and interest rates. The motivation for this combination would have been to employ advanced financial techniques to provide financial advice to individuals on how to reach specific financial goals (Jones, Col. 2, ll. 13-16).

Re. Claims 61, 64 & 85, none of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson explicitly disclose a system and method comprising simulating a plurality of sample retirement benefit programs in accordance with at least one of: (i) one or more choices specified by the person and (ii) one or more modifications to a sample retirement benefit program specified by the person, each sample retirement benefit program including simulated results of allocations of portions of funds corresponding to the at least one asset vehicle towards gradually purchasing one or more fractions of at least one of a plurality of available guaranteed life-dependent retirement benefits at one or more selected intervals of the at least one of a plurality of available allocation periods, including simulated purchase prices and providing the simulated results to at least the remote client computer. However, Jones discloses the use of simulation to facilitate financial product selection (Col. 2, lines 49-51). It would have been obvious to the ordinary practitioner that selection involves the evaluation of one or more possibilities. The detailed components of these options are discussed above in the rejections of claims 80-83. Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa, Henderson and the disclosures of Jones to provide a method comprising simulating a plurality of sample

retirement benefit programs in accordance with one or more choices specified by the person and/or presented by the practitioner, presented to the client's computer. The motivation for this combination would have been to employ advanced financial techniques to provide financial advice to individuals on how to reach specific financial goals (Jones, Col. 2, ll. 13-16).

Re. Claims 62, 65 & 86, none of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson explicitly disclose a system and method wherein the simulated results include simulated total current values and simulated target benefit payment values for the one or more selected intervals of the at least one available allocation period, and further comprising calculating statistically simulated purchase prices by employing information related to simulated interest rates and at least one of: (i) information related to projected morbidity of the person; and (ii) information related to projected longevity of the person. However, the application of simulation, the use of the simulated projection of interest rates and the development of what-if scenarios regarding the financial variables of conversion options are discussed in the rejection of claims 80-85 above. Further, information regarding the projected morbidity and longevity of a person were well known kinds of data readily available to the ordinary practitioner and even the general public. For example, Jones discloses the use of mortality information which is provided commonly available actuarial tables (Col. 11, ll. 49-57). Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Tarbox with the knowledge of the ordinary practitioner and the disclosure of Jones in order to provide simulated data for the planning for, implementing and administering a retirement benefit program including at least one guaranteed, life-dependent retirement benefit to provide a guaranteed lifetime income to at least one person using at least one or more personal financial assets owned by the person, motivated by a desire to provide professional investment advice to benefit plan prospects and participants (Tarbox, Col. 1, ll. 13-14).

Re. Claims 63, 66 & 87, none of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa and Henderson explicitly disclose a system and method wherein calculating

the simulated results includes calculating the simulated results as a function of at least one of: (i) simulated market performance information, (ii) simulated interest rates, and (iii) simulated inflation rates, and further comprising statistically calculating at least one probability of achieving the at least one available guaranteed life-dependent retirement benefit at an expiration of the at least one available allocation period. However, Jones discloses the use of simulation to determine the probability of attaining a certain investment goal (Col. 11, ll. 10-12). The analytical, simulation based use of market performance information, market performance information, interest rates, and inflation rates are discussed in the rejection of claims 80-86 above. Statistically calculating at least one probability of achieving the at least one available guaranteed life-dependent retirement benefit at an expiration of the at least one available allocation period is but one obvious calculation of a probability of occurrence of an event through a simulation. It would have been obvious to the ordinary practitioner of the art at the time of Applicant’s invention to have combined the disclosures of Tarbox with the knowledge of the ordinary practitioner and the disclosures of Jones to provide a method comprising calculating the simulated results includes calculating the simulated results as a function of at least one of: (i) simulated market performance information, (ii) simulated interest rates, and (iii) simulated inflation rates, and further comprising statistically calculating at least one probability of achieving the at least one available guaranteed life-dependent retirement benefit at an expiration of the at least one available allocation period. The motivation for this combination would have been to employ advanced financial techniques to provide financial advice to individuals on how to reach specific financial goals (Jones, Col. 2, ll. 13-16).

Re. Claims 67 & 88, none of Tarbox, Ryan, Barron’s, King, El-Kadi, Golden, Schirripa, Henderson nor Jones explicitly disclose a system and method comprising querying at least the remote client computer to provide information related to at least one of: (i) information related to acceptance by the person of the one or more modifications; (ii) information related to rejection by the person of the one or more modifications, and (iii) information related to one or more modifications to the sample benefit program specified by the person, and further comprising recalculating the simulated results in

accordance with the one or more modifications. However, querying a client for a response or decision regarding decision information previously presented or transmitted to the client in any manner, including electronically, was a long standing practice prior to the electronic computer age and during the electronic computer and electronic network communications age. Thus, this would have been seen as an obvious step by the ordinary practitioner any time that the client had not responded by a certain date and/or time. Therefore, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa, Henderson and Jones in order to move the decision making process along once a practitioner has been engaged in a process to reposition a client's retirement investment portfolio, motivated by a desire to provide professional investment advice to benefit plan prospects and participants (Tarbox, Col. 1, ll. 13-14).

Re. Claim 89, Tarbox discloses a method comprising altering the allocation of funds in accordance with the simulated results in response to receiving information related to acceptance by the person of the one or more modifications. The execution of a client's allocation decisions is discussed in the rejection of claim 80.

Re. Claim 91, none of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa, Henderson nor Jones explicitly disclose the use of actuarial valuations. However, Jones discloses the use of actuarial valuations (Col. 11, ll. 49-57). The calculation of conversion allocation related data is covered in the rejections of claims 80-90 above. It would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa, Henderson and the disclosures of Jones to provide a method which includes performing actuarial valuations of the at least first guaranteed life-dependent retirement benefit purchased. The motivation for this combination would have been to employ advanced financial techniques to provide financial advice to individuals on how to reach specific financial goals (Jones, Col. 2, ll. 13-16).

6. **Claims 60 and 84 are rejected** under 35 U.S.C. 103(a) as being unpatentable

over Tarbox, Ryan, King, El-Kadi, Golden, Schirripa and Henderson as applied to claims **55, 59, 68, 69, 75, 78, 79 and 80** above, and further in view of Barron's.

Re. Claims 60 & 84, Tarbox discloses a system and method comprising processing information received from the least one remote client computer (Online interaction between the client and the advisor - Col. 6, ll. 55-65). None of Tarbox, Ryan, King, El-Kadi, Golden, Schirripa or Henderson explicitly disclose acceleration of the allocation period and accelerating the allocation period by allocating at least a portion of funds corresponding to the total current value towards purchasing a remainder of the at least first guaranteed life-dependent retirement benefit. However, Barron's Dictionary of Insurance Terms demonstrates that acceleration of benefits is a long standing tool in the insurance segment of the financial services industry (Acceleration - page 2). It would have been obvious to the ordinary practitioner to have been able to execute the acceleration of the allocation period and accelerating the allocation period by allocating at least a portion of funds corresponding to the total current value towards purchasing a remainder of the at least first guaranteed life-dependent retirement benefit. Consequently, it would have been obvious to the ordinary practitioner of the art at the time of Applicant's invention to have combined the disclosures of Tarbox, Ryan, Barron's, King, El-Kadi, Golden, Schirripa, Henderson and the disclosures of Barron's to accelerate an investment assets conversion allocation program. The motivation for this combination would have been to provide professional investment advice and service to benefit plan prospects and participants (Tarbox, Col. 1, ll. 13-14).

(10) Response to Argument

ARGUMENT A. GENERAL ARGUMENT (p. 18, l. 1 – p. 28, l. 20)

1. "None of the multitude of references applied by the Examiner individually or collectively disclose, suggest or render obvious a retirement benefit program in which an individual manages the conversion of assets to guaranteed retirement benefits over an allocation period." (p. 18, ll. 3-6; p. 18, l. 17 – p. 19, l. 19).

2. “None of the references show or suggest recalculating the current value and target benefit payment when the circumstances of the individual change.”(p. 18, ll. 6-7).

3. “…, the Examiner provides no explanation as to why one skilled in the art would combine the multitude of known elements in the insurance and investment industries in the fashion set forth by Appellant's claims.”(p. 18, ll. 10-13; p. 18, l. 17 – p. 19, l. 19).

4. “Under the Examiner's reasoning, there can be no new non-obvious insurance or investment products because the mechanics of buying, selling and valuing insurance and investment products are known in the art. Appellant respectfully asserts that such reasoning is not supported by the proper application of 35 U.S.C. § 103(a).”(p. 18, ll. 13-16).

Subsidiary Argument (1) – The examiner has failed to properly resolve the level of skill of the ordinary skill at the time of Appellant's invention and why such a practitioner would have found it obvious t combine the various features of nine references to arrive at the claimed invention.

Subsidiary Argument (2) – The examiner has committed a series of general errors in the combination of the prior art in the rejection of independent claim 80**.**

General Error (2)-1 – “The applied art does not show or suggest a method or system of implementing and administering a retirement benefit program including at least one guaranteed life-dependent retirement benefit that calculates total current value and target benefit payments at each allocation period as an asset vehicle is converted to a guaranteed life-dependent retirement benefit.“(p. 22. ll. 1-5).

General Error (2)-2 – “The applied art also does not show or suggest recalculating the current value and target benefit payments at intervals of the allocation period based on change information including a change to the retirement benefit program.”(p. 22, ll. 5-7).

General Error (2)-3 – “The Examiner cites to at least nine references to establish the scope and contents of the prior art. The Examiner establishes that the prior art teaches numerous methods for managing investments and conducting financial transactions. However, the Examiner acknowledges that the primary reference to Tarbox does not show or suggest many limitations of claim 80.

Tarbox does not explicitly disclose:

• Conversion of investments, assets or contracts

• Purchasing of fractions of investments, assets and contracts, including gradual purchases over time. • Guaranteed life-dependent financial contracts or instruments.

• Recalculations as they apply to the advisor's service activities for the client.

• Financial and statistical information related to future market performance, inflation and interest rates.

• A controller adapted for performing operations of an integrated computer system such as being operatively coupled to storage means for storing information and to calculate and recalculate various values and valuations.

(Final Office Action at 3.) The Examiner acknowledges that the primary reference is not directed to converting an asset to a guaranteed life-dependent retirement benefit over an allocation period. The Examiner acknowledges that the primary reference does not teach the calculations and recalculations set forth by claim 80 that enable an individual to implement and administer a retirement benefit program that converts assets to benefits over an allocation period."(p. 22, ll. 7-30).

General Error (2)-4 – "Claim 80 sets forth: "allocating at selected intervals of an allocation period in accordance with at least a first set of instructions an allocation of a portion of funds corresponding to at least one asset vehicle, containing one or more personal financial assets owned by the person, towards purchasing one or more fractions of at least a first guaranteed life- dependent retirement benefit that provides one or more income benefit payments to the person to gradually purchase the at least first retirement benefit during the allocation period." <u>The Examiner does not point out where such a step is taught by the prior art. Rather the Examiner asserts</u>:

> It would have been obvious for a retirement plan buyer to have wanted to know at any time during the period of his initial inquires and negotiations with the current practitioner thorough the first step of conversion until his market based assets were fully converted to life-dependent retirement benefit plans as to what the current value of his current assets was and what the cost of immediate payment of a complete retirement benefit would be if fully paid immediately. Numerous other what-if questions by the

> asset owner would also have been obvious to expect from the asset owner client or conversion prospect.

(Final Office Action at 5.) The Examiner's assertion is insufficient to establish obviousness. First, the Examiner cites a CLU as one of ordinary skill in the art. (Final Office Action at 19.) However, the Examiner does not state what would have been obvious to a CLU. Rather, the Examiner states his opinion of what a *retirement plan buyer* would have wanted to know. It would not have been obvious for a CLU to have allocated funds corresponding to an asset vehicle towards purchasing fractions of a guaranteed life dependent retirement benefit at selected intervals pf an allocation period. As discussed above, *it would not have been obvious to a CLU, because at the time of Appellant' s invention there were no retirement benefit products available to for a CLU to offer his clients that provided for such an allocation over an allocation period.* In fact, prior to a commercial embodiment of the invention developed by Appellant, there were no products that enabled a guaranteed life-dependent retirement benefit which included allocating a portion of funds from one or more personal financial assets towards purchasing fraction of a guaranteed life dependent retirement benefit. (Golden Decl. ~[9.) The Examiner's statement of obviousness does not articulate a reason why a CLU would modify the teachings of Tarbox to include *allocating at selected intervals of a allocation period a portion of funds corresponding to at least one asset vehicle towards purchasing fractions of a guaranteed life-dependent benefit* as set forth by claim 80."(p. 22, l. 31 – p. 23. l. 31). (**Underlining added**).

Subsidiary Argument (3) – "Appellant maintains that new and novel investment and insurance products may be developed that employ calculations that are not obvious to ordinary CLUs. Prior to the invention by Appellant, the CLU would have been unaware of any legally approved investment product that performs all of the calculations and recalculations of the claimed invention. In fact, no other financial product, even today, provides altering an existing retirement product based on recalculations based on changed circumstances. The Examiner has failed to articulate an apparent reason why an ordinary CLU would combine the selected features of the applied references to

achieve the calculations and recalculations that are set forth by claim 80." (p. 24, l. 27 – p. 25, l. 2).

Subsidiary Argument (4) – Supporting Declarations (p. 25, l. 7 – p. 28, l. 20)

Appellant repeats his arguments that the Golden and Port declarations are valid. The examiner has shown on the record why these declarations fail to meet the requirements of the MPEP.

ARGUMENT B

Appellant provides detailed arguments regarding each independent claim and each dependent claim (p. 28, l. 21 – p. 48, l. 10).

RESPONSE to General Argument

Points 1. and 2.

A Matter of Law:

The US Supreme Court ruled in the KSR decision in 2007 that the following summary provided in the *In Re Kahn* decision by the Circuit Court correctly summarized the Supreme Court's guidelines for the making of a prima facie case of obviousness. The examiner placed on the record in the final rejection mailed January 3, 2008 a larger excerpt of the Board of Patent Appeals and Interferences interpretation of the KSR decision which includes the *In Re Kahn* summary. This summary is repeated as follows:

BPAI, *Ex parte* CATAN, Appeal 2007-0820, Decided: July 3, 2007

PRINCIPLES OF LAW

"Section 103 forbids issuance of a patent when 'the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains.'" *KSR Int'l Co. v. Teleflex Inc.*, 127 S.Ct. 1727, 1734, 82 USPQ2d 1385, 1391 (2007). The question of obviousness is resolved on the basis of underlying factual determinations including (1) the scope and content of the prior art, (2) any

differences between the claimed subject matter and the prior art, (3) the level of skill in the art. *Graham v. John Deere Co.*, 383 U.S. 1, 17-18, 148 USPQ 459, 467 (1966). *See also KSR*, 127 S.Ct. at 1734, 82 USPQ2d at 1391 ("While the sequence of these questions might be reordered in any particular case, the [*Graham*] factors continue to define the inquiry that controls.") The Court in *Graham* further noted that evidence of secondary considerations, such as commercial success, long felt but unsolved needs, failure of others, etc., "might be utilized to give light to the circumstances surrounding the origin of the subject matter sought to be patented." 383 U.S. at 18, 148 USPQ at 467.

In *KSR*, the Supreme Court emphasized "the need for caution in granting a patent based on the combination of elements found in the prior art," *id.* at 1739, 82 USPQ2d at 1395, and discussed circumstances in which
9 Appeal 2007-0820 Application 09/734,808
a patent might be determined to be obvious without an explicit application of the teaching, suggestion, motivation test.

In particular, the Supreme Court emphasized that "the principles laid down in *Graham* reaffirmed the 'functional approach' of *Hotchkiss*, 11 How. 248." *KSR*, 127 S.Ct. at 1739, 82 USPQ2d at 1395 (citing *Graham v. John Deere Co.*, 383 U.S. 1, 12, 148 USPQ 459, 464 (1966) (emphasis added)), and reaffirmed principles based on its precedent that "[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield **predictable results**." *Id.* (Underlining and BOLDING added)The Court explained:

> When a work is available in one field of endeavor, design incentives and other market forces can prompt variations of it, either in the same field or a different one. If a person of ordinary skill can implement a predictable variation, §103 likely bars its patentability. For the same reason, if a technique has been used to improve one device, and a person of ordinary skill in the art would recognize that it would improve similar devices in the same way, using the technique is obvious unless its actual application is beyond his or her skill.

Id. at 1740, 82 USPQ2d at 1396. The operative question in this "functional approach" is thus "whether the improvement is more than the predictable use of prior art elements according to their established functions." *Id.*

The Supreme Court made clear that "[f]ollowing these principles may be more difficult in other cases than it is here because the claimed subject matter may involve more than the simple substitution of one known element for another or the mere application of a known technique to a piece of prior art ready for the improvement." *Id.* The Court explained, "[o]ften, it will be
necessary for a court to look to interrelated teachings of multiple patents; the effects of demands known to the design community or present in the marketplace; and the background knowledge possessed by a person having ordinary skill in the art, all in order to determine whether there was an apparent reason to combine the known elements in the fashion claimed by the patent at issue." *Id.* at 1740-41, 82 USPQ2d at 1396. The Court noted that "[t]o facilitate review, this analysis should be made explicit. *Id.* (citing *In re Kahn,* 441 F.3d 977, 988, 78 USPQ2d 1329, 1336 (Fed. Cir. 2006)) ("[R]ejections on obviousness grounds cannot be sustained by mere conclusory statements; instead, there must be some articulated reasoning with some rational underpinning to support the legal conclusion of obviousness"). However, "the analysis need not seek out precise teachings directed to the specific subject matter of the challenged claim, for a court can take account of the inferences and creative steps that a person of ordinary skill in the art would employ." *Id.* at 1741, 82 USPQ2d at 1396.

In the instant case:

IMPORTANTLY, the above excerpt from the US Supreme Court's opnion in ht KSR decision states "[t]he combination of familiar elements according to known methods is likely to be obvious when it does no more than yield **predictable results**.". Appellant's invention clearly delivers PREDICTABLE RESULTS, since it is merely an automation of a mechanical process involving well known actuarial calculations and recalculations. The US Supreme Court also reminds courts, practitioners and examiners in the above noted excerpts that the common sense principle should also be included in deciding whether something would have been obvious to the ordinary practitioner of the art at the time of an Applicant's invention. Common sense tells a practitioner that Appellant's invention is merely a combination of well known elements in the art composed of well known financial and actuarial calculations and recaculations. These well known steps were offered and performed for high net worth clients for decades and perhaps generations, done by hand, cobbling

together increasingly repackaged pieces. Appellant's invention merely automates these well known steps and presents them as a bundled, automated product with limitations put upon the client depending on the size of the assets offered by the client to work with, since labor costs are still a factor, although substantially reduced through computer automation/ The examiner's responses to Appellant's current general and supporting arguments, the rejection evidence and rationale and the responses on the record to prior arguments have been adequately provided. As such, the examiner believes that he has adequately and properly complied with the guidelines summarized by In re Kahn by presenting on the record by articulating some reasoning with some rational underpinning, taking into account of the inferences and creative steps that a person of ordinary skill in the art would employ in order to support the legal conclusion of obviousness in making the rejections in this case. All of this suggests that the examiner has made a proper *prima facie* case of obviousness.

3. Motivation to Combine

Appellant's argument is that the examiner's case of obviousness lacks a motivation to combine the prior art references used in the rejections.

The following court opinions state the case clearly:

(a) "There is no requirement that a motivation to make the modification be expressly articulated. The test for combining references is what the combination of disclosures taken as a whole would suggest to one of ordinary skill in the art". ***In re McLaughlin*** 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971).

(b) "… and references are evaluated by what they suggest to one versed in the art, rather than by their specific disclosures". ***In re Bozek***, 163 USPQ 545 9ccpa) 1969.

(c) "… references cannot be arbitrarily combined and that there must be some reason why one skilled in the art would be motivated to make the proposed combination of primary and secondary references". ***In re Nomiya***, 509 F.2d 566, 184 USPQ 607, (CCPA 1975).

(d) "there is no requirement that a motivation to make the modification be expressly articulated. The test for combining references is what the combination of disclosures

taken as a whole would suggest to one of ordinary skill in the art". ***In re McLaughlin*** 443 F.2d 1392, 1395, 170 USPQ 209, 212 (CCPA 1971).

IN the instant case th examiner has properly provided the motivation to combine the prior art references used in the rejections.

4. This argument is pure conjecture. The examiner has not asserted that " there can be no new non-obvious insurance or investment products because the mechanics of buying, selling and valuing insurance and investment products are known in the art ". Further, the examiner would not make such a statement. Neither would the examiner attempt to support such reasoning through an application of 35 U.S.C. § 103(a).

RESPONSE to Subsidiary Argument (1)

A Matter of Law and the MPEP

In accordance with statute and case law, the MPEP instructs examiners that "[t]he question of obviousness must be resolved on the basis of [the *Graham*] factual determinations." MPEP 2141(II). With regard to the issue of ordinary skill, MPEP 2141(II) continues: "In certain circumstances, it may also be important to include explicit findings as to how a person of ordinary skill would have understood prior art teachings, or what a person of ordinary skill would have known or could have done." The Manual also states at MPEP 2141(II)(C), "Any obviousness rejection should include, either explicitly or implicitly in view of the prior art applied, an indication of the level of ordinary skill."

The question regarding explicit statements of the level of ordinary skill is addressed at MPEP 2141.03(II):

> SPECIFYING A PARTICULAR LEVEL OF SKILL IS NOT NECESSARY WHERE THE PRIOR ART ITSELF REFLECTS AN APPROPRIATE LEVEL
>
> If the only facts of record pertaining to the level of skill in the art are found within the prior art of record, the court has held that an invention may be held to have been obvious without a specific finding of a particular level of skill where the prior art itself reflects an appropriate level. *Chore-Time Equip., Inc. v. Cumberland Corp.*, 713 F.2d 774, 218 USPQ 673 (Fed. Cir. 1983). See also *Okajima v. Bourdeau*, 261 F.3d 1350, 1355, 59 USPQ2d 1795, 1797 (Fed. Cir. 2001).

Thus, it is the position of the Office that an examiner is only required to make a statement on the record as to the level of ordinary skill when the level of ordinary skill is at issue in the case and is not adequately reflected in the record. Evidence of the level of ordinary skill will most often

be found in the prior art of record, but other documents that are part of the application file may also be relevant. This position is adequately supported in case law. "We hold only that an invention may be held to have been either obvious (or nonobvious) without a specific finding of a particular level of skill or the reception of expert testimony on the level of skill where, as here, the prior art itself reflects an appropriate level and a need for such expert testimony has not been shown." *Chore-Time Equip., Inc. v. Cumberland Corp.*, 713 F.2d 774, 779 n.2 (Fed. Cir. 1983). "Although the Board did not make a specific finding on skill level, it did conclude that the level of ordinary skill in the art of asbestos removal and contamination control was best determined by appeal to the references of record . . . ." *In re GPAC Inc.*, 57 F.3d 1573, 1579 (Fed. Cir. 1995). "Judge Pfaelzer discussed various factors involved in determining ordinary skill in the art, but did not specify a particular level applicable here. Nor need she have done so, for the parties are in agreement that their respective chemical expert witnesses with extensive backgrounds in sulfur chemistry are persons of ordinary skill in the art." *Envtl. Designs, Ltd. v. Union Oil Co.*, 713 F.2d 693, 697 (Fed. Cir. 1983). A recent non-precedential case also supports the position of the Office: "[I]t is well-established that in certain situations, such as with relatively simple and understandable technology, a specific finding on the level of ordinary skill in the art is unnecessary because the prior art itself is representative of the relevant level of ordinary skill." *Printguard, Inc. v. Anti-Marking Systems, Inc.*, 2008 WL 245415, at *11 (D. Mass. 2008) (citing *Chore-Time* at 779 & n.2).

The Board of Patent Appeals and Interferences (Board) has also taken the position that the level of ordinary skill can be implicit in the record. *Ex parte Jud*, 85 USPQ2d 1280, 2006 WL 4080053 (Bd. Pat. App. & Interf. 2007) is an expanded panel Decision on Request for Rehearing which has been designated as informative; it is available on the Board's web site at http://www.uspto.gov/web/offices/dcom/bpai/its/rh061061.pdf. In that case, the expanded panel declined to overturn the original panel's affirmance of the examiner's obviousness rejection. The appellant had argued "that the [original panel of the] Board misapprehended or overlooked the requirement that a determination of the level of ordinary skill in the art must be made in the record as part of an obviousness determination." *Id.* at 1281, 2006 WL 4080053 at *1. The Board did not agree. First, the Board explained that in general, evidence for the level of ordinary skill might be found in the applicant's disclosure, in the prior art references of record in the case, and in declarations or other testimony. *Id.* at 1282-83, 2006 WL 4080053 at *1. Commenting further about the role of the references, the Board stated:

> Prior art references are cited precisely because they show what those skilled in the art would have known and been able to do before the effective filing date for the application. When used in combination, prior art references may even reveal a continuum of knowledge and ability greater than the sum of their separate, express disclosures.

Id. at 1282-83, 2006 WL 4080053 at *1. Then, the Board addressed the particulars of the case before it, and stated that "[b]y outlining what one would know from references, the examiner met her burden to establish the skill level in the way it is typically met during examination." *Id.* at 1284, 2006 WL 4080053 at *5. Thus, it is clear that the Board recognizes that examiners may

continue to address the level of ordinary skill implicitly by an appropriate assessment of the prior art.

In the instant case, the level of ordinary skill is sufficiently presented by implication and description in the contents of the prior art and through the extensive related rationale presented by the examiner.

Secondly, a CLU's qualifications would have clearly made him understand what the customer/buyer wanted because of the knowledge requirements in the CLU certification process which includes course work and examinations.

Thirdly, the CLU would have known how to provide the product by hand based on the CLU knowledge requirements (see the CLU's and related practitioners' knowledge requirements below beginning on the next page). It matters not in the patentability question what individual insurance company policies may have been at the time of the invention, since this is not claimed. However, it would also have been clear to the CLU that providing the customer with a desired solution would have been labor intensive if the solution was not provided through an automated process. The CLU would have known that many hand developed solutions have been provided for decades and possibly generations for customers who were offering a large financial asset base to work with because the relatively low sounding percentage based fees provided the CLU with an adequate or even substantial income from this work. The figure of $ 500,000 minimum has been well known in the industry. The availability of efficient computer automation represented by Appellant's invention merely makes this service economically available for customers offering a far smaller financial conversion asset base to work with for converting into an annuity even in the kind of steps with recalculations contained in Appellant's claims. CLU's have expected automated products to come out which would be offered to much lower asset values as long as there were restrictions to how often a customer would be allowed to make changes or make formal inquiries for what-if scenarios from the automated system and of a human agent since labor costs would have to be controlled to avoid making the customer's program or account unprofitable. They expected limitations to an adjustment of once per year. However, automation of existing processes does not

meet statutory requirements. Appellant's bold generalization that such products were not available is therefore incorrect, since it only applies to Appellant's invention at the most detailed narrow level as an automated method and system which is clearly overcome by a rejection based on the obviousness statute and the unpatentability of automation of an existing process.

Fourthly, Appellant's submissions are Applicant Admitted Prior Art (AAPA) of the ordinary skill of the practitioner of the art involved in this invention by submitting excerpts from the web site of "The American College", one for the CLU *(http://www.theanlericancollege.edtz/subpage.php?pageld=256)* and another for the CFP *(.http ://www.theamericancol lege.edu/ subpage.php ?pageld= 3 3 3)* (Appendix, p. 75 - 90, The American College Requirements) regarding the educational and professional requirements of a Certified Financial Planner (CFP), which is a closely related practice to the CLU practice (Chartered Life Underwriter). This information also states that the average CLU earns 51% (p. 76, l. 11) more than their peers in the life insurance industry. All of this information clearly suggests that an ordinary CLU and CFP is fully knowledgable with the financial and life insurance fields of art in order to properly serve clients with a variety of financial and actuarily driven insurance and annuity products. This knowledge and expertise includes the understanding of how these areas can interrelate for a client and how they can be technically combined to serve the client's requirements. Pages 76-77 clearly list the course requirements for a CLU. They include:

CLU Curriculum (Get course descriptions here.)

Required Core Courses *(5):*

HS 31 i Fundamentals of Insurance Planning

HS 323 Individual Life Insurance

HS 324 Life Insurance Law

HS 330 Fundamentals of Estate Planning

HS 331 Planning for Business Owners and Professionals

Elective Courses (select 3):

HS 300 Financial Planning: Process and Environment

HS 313 Individual Health Insurance

HS 321 Income Taxation

HS 325 Group Benefits

HS 326 Planning for Retirement Needs
HS 328 Investments

HS 334 Estate Planning Applications

The CFP Requirements (p. 79, Appendix)

http://www.thcanaericancollege.cdu/subpage.php?pageId=333
Program Completion Requirements
To receive these designations (CLU~.~:,/Chl;'C'f~)/RItU:~3/I~EBC~/CLE'~)~ you must successfully complete all courses in your selected program, meet experience requirements and ethics .standards, and agree to comply with The American College Code of Ethics and Procedures.
Experience
Three years of full-time business experience is requited for all Huebner School designations. The three-year period must be within the five years preceding the date of the award. An undergraduate or graduate degree from an accredited educational institution qualifies as one year of business experience. Part-time qualifying business experience is credited toward the three- year requirement on an hourly basis, with 2,000 hours representing the equivalent of one year full-time experience. The following activities meet the required business experience qualifications included in the CLU/ChFC/RHU/REBC/CLF certification process.
Insurance and health care
• Field underwriting and management, including sales and service activities, supervision and management of persons involved in sales or services, or staff support of persons in these activities.
• Company management and operations in positions involving substantial responsibility. Financial services and employee benefits
• Client service and related management, including direct contact with clients, supervision and management of persons involved directly in the process of providing financial services or employee benefits, or staff support of persons in these activities.
•
Financial institution management and operations in positions involving substantial responsibility.
Other
•
University or college teaching of subjects related to the Huebner School curriculum on a full-time basis at an accredited institution of higher education.
• Government regulatory service in a responsible administrative, supervisory, or operational capacity.
• Activities directly or indirectly related to the protection, accumulation, conservation, or distribution of the economic value of human life; these include the work of actuaries, attorneys, CPAs, investment advisers, real estate investment advisers, stockbrokers, trust officers, or persons in other similar occupations.

Close Relationship in Qualifications

1. Review of the above two listings of qualifications shows that CLU's and CFP's have expertise in life related actuarial statistics, life insurance principles and techniques, financial planning for individuals, income taxation, investments, and other technical subjects related to providing financial services to individuals, Including those practices related to retirement planning finances, Which includes investments and annuities.

2. This close relationship in qualifications and practice is further illustrated by the following section excerpted on pages 80-81, which shows hop intertwined the requirements of continuing education are:

Continuing Education

All CLUs and ChFCs who matriculated after June 30, 1989, and all RHUs, REBCs, and CLFs are subject to the PACE Recertification Program. If you are a CLU, ChFC, RHU, REBC, or CLF who falls into any of the following specified categories, you are required to earn 30 hours of CE credit every two years:

• Licensed insurance agent/broker/consultant • Licensed security representative/registered investment advisor

• Financial consultant, attorney, accountant, employee benefits specialist, and any other individual who provides insurance, employee benefits, financial planning, or estate planning advice and counsel to the public

If you have earned all 30 CE credits through The American College, you do not have to sign and *file a statement of compliance. The College will record CE credits you earned at The College and notify you when you have met the requirements.*

If you are a CLU, ChFC, RHU, REBC, or CLF subject to PACE but do not fall into one of the above categories, you are exempt from the CE requirements. You will be required to notify the College of your exempt status every reporting period, as long as the exemption applies.

"Appellant maintains that new and novel investment and insurance products may be developed that employ calculations that are not obvious to ordinary CLUs. Prior to the invention by Appellant, the CLU would have been unaware of any legally approved investment product that performs all of the calculations and recalculations of the claimed invention. In fact, no other financial product, even today, provides altering an existing retirement product based on recalculations based on changed circumstances. The Examiner has failed to articulate an apparent reason why an ordinary CLU would combine the selected features of the applied references to achieve the calculations and recalculations that are set forth by claim 80."

RESPONSE to Subsidiary Argument (3)

(a) That ”new and novel investment and insurance products may be developed that employ calculations that are not obvious to ordinary CLUs” is a moot point since such is not claimed. The independent claims, such as method claim 80, only claim broad, general limitations. Calculations which are New and not obvious to the CLU are not claimed.

(b) That “the CLU would have been unaware of any legally approved investment product that performs all of the calculations and recalculations of the claimed invention" Is a bold assertion not supported by any evidence except another bold assertion unsupported by evidence or even serious rationale, namely that “In fact, no other financial product, even today, provides altering an existing retirement product based on recalculations based on changed circumstances”. Further, the claims do not contain any limitation of a "legally approved investment product". Actually, this assertion is actually an admittance to rationale placed on the record by the examiner that the products with which Appellant's invention is concerned must be legally approved and that being the case further establishes the likelihood that ordinary practitioners would know how to provide such products, especially the type of product invention claimed by Appellant. This product after all is merely an automation of existing process well known and understood by CLU’s and similarly qualified practitioners.

(c) Please see examiner’s response in the **response to the General Argument, item 3. above** to Appellant’s repeat assertion that the examiner has failed to provide a reason why the ordinary practitioner would have combined the prior art

RESPONSE to Subsidiary Argument (2)

General Error (2)-1 – “The applied art does not show or suggest a method or system of implementing and administering a retirement benefit program including at least one guaranteed life-dependent retirement benefit that calculates total current value and target benefit payments at each allocation period as an asset vehicle is converted to a guaranteed life-dependent retirement benefit.“(p. 22. ll. 1-5).

Response - The rejections of the independent claims, with claim 80 as exemplary, and as repeated above, show that the examiner has made a proper case of *prima facie* obviousness by presenting evidence from the prior art of Tarbox, Ryan, Barron’s Dictionary of Insurance Terms, 3rd Ed., Barron’s Dictionary of Finance and Investment Terms, Fifth Ed., 1995 (hereafter Barron’s), King, El-Kadi, Golden, Schirripa and Henderson, combined with extensive rationale. This combination of evidence and rationale is further amplified with the additional rationale and evidence contained in the responses to the arguments contained in Appellant's Appeal Brief.

General Error (2)-2 – “The applied art also does not show or suggest recalculating the current value and target benefit payments at intervals of the allocation period based on change information including a change to the retirement benefit program.”(p. 22, ll. 5-7).

Response - The examiner has presented a proper case of *prima facie* obviousness in rejecting this component of the independent claim elements through the combination of evidence and rationale in the rejections which is further amplified with the additional rationale and evidence contained in the responses to the arguments contained in Appellant's Appeal Brief.

General Error (2)-3 – “The Examiner cites to at least nine references to establish the scope and contents of the prior art. The Examiner establishes that the prior art teaches numerous methods for managing investments and conducting financial transactions. However, the Examiner acknowledges that the primary reference to Tarbox does not show or suggest many limitations of claim 80.

Tarbox does not explicitly disclose:

• Conversion of investments, assets or contracts

• Purchasing of fractions of investments, assets and contracts, including gradual purchases over time. • Guaranteed life-dependent financial contracts or instruments.

• Recalculations as they apply to the advisor's service activities for the client.

• Financial and statistical information related to future market performance, inflation and interest rates.

• A controller adapted for performing operations of an integrated computer system such as being operatively coupled to storage means for storing information and to calculate

and recalculate various values and valuations.

(Final Office Action at 3.) The Examiner acknowledges that the primary reference is not directed to converting an asset to a guaranteed life-dependent retirement benefit over an allocation period. The Examiner acknowledges that the primary reference does not teach the calculations and recalculations set forth by claim 80 that enable an individual to implement and administer a retirement benefit program that converts assets to benefits over an allocation period."(p. 22, ll. 7-30).

Response – As already stated to this point above in the responses to the general arguments, the examiner has properly used a number of prior art references in combination, combined with proper rationale regarding what the ordinary practitioner would have found obvious at the time of Appellant's invention. Had one reference such as Tarbox contained all of the limitations in Appellant's independent claims the examiner would have gladly if for efficiency's sake alone presented such a reference. As stated in the above responses, many courts, most recently the US Supreme Court in the KSR opinion, have found that it is proper to combine references which solve the particular problem whose solution is claimed by an applicant for patent when the examiner finds that the ordinary practitioner would have found the presented prior art helpful in solving the problem at hand..

Re. General Error (2)-4

(a) The Golden declaration has been invalidated on the record without a valid traversal. Therefore, the statement attributed to this declaration has no merit. Further, the examiner notes that the declarant, the inventor of the Golden reference and the inventor of Appellant's invention are one and the same person. This makes declarant an interested party in Appellant's application.

(b) Appellant's argument fails to meet the requirements of a valid traversal because the argument fails to have sufficient combination of evidence and rationale to overcome the examiner's combination of evidence and rationale in the rejections on the record, thus failing to distinctly pointed out the supposed errors, in substance, of the rejection of claim 80. The applicant's argument is a general allegation that the claims define a patentable invention without specifically pointing out how the language of the

claims patentably distinguishes them from the references. See MPEP 2141, IV AND V, which states in part as follows:

> **IV.** "… Once Office personnel have established the *Graham* factual findings and concluded that the claimed invention would have been obvious**, the burden then shifts to the applicant to (A) show that the Office erred in these findings or (B) provide other evidence to show that the claimed subject matter would have been nonobvious**. 37 CFR 1.111(b) requires applicant to distinctly and specifically point out the supposed errors in the Office's action and reply to every ground of objection and rejection in the Office action. The reply must present arguments pointing out the specific distinction believed to render the claims patentable over any applied references." (bolding and underlining added).
>
> V. "…in the case of a claim to a combination, applicants may submit evidence or argument to demonstrate that:
> (A) one of ordinary skill in the art could not have combined the claimed elements by known methods (e.g., due to technological difficulties);
> (B) the elements in combination do not merely perform the function that each element performs separately; or
> (C) the results of the claimed combination were unexpected.".

In the instant case, Appellant has failed to meet these requirements because of A, failing to demonstrate through adequate evidence that " one of ordinary skill in the art could not have combined the claimed elements by known methods (e.g., due to technological difficulties);"; B, "the elements in combination do not merely perform the function that each element performs separately"; or that "the results of the claimed combination were unexpected".

(c) SEE QUESTION above – The examiner has demonstrated with evidence from the prior art that the components of claim 80 were well known. This did require assembling nine references since Appellant's independent claims, including claim 80, had many detailed elements and features. As stated above In the Matter of Law, the examiner has the obligation and right to assemble as many references as necessary to demonstrate what the prior art offered to solve the problem at the time of Appellant's invention, and to offer a rationale for what the ordinary practitioner would have seen as obvious at that time. The solutions can even have existed in non analogous art as long as the available art helped to solve the problem addressed by the claimed invention. In the instant case the assembled prior art comes only from the

financial arts, and primarily from the general invention's general insurance, investment and annuity art. An important factor is that business methods inventions permit the transfer of only he narrow desired features and techniques and to ignore features and teachings which might prevent the combined art from producing the claimed results and features. The argument stating that a combination of prior art will fail to produce the desired results is normally called a "teaching away" argument. The concept of "teaching away" has technical foundations and requirements. This can be seen in the court's detailed opinion in the case of W.L. Gore & Associates v. Garlock, Inc. This involves a teaching of "stretching said (unsintered) PTFE at a 10% per second rate to more than five times the original length. …. A reference teaching rapid stretching of conventional plastic polypropylene with reduced crystalinity combined with a reference teaching stretching unsintered PTFE, would not have suggested rapid stretching of highly crystalline PTFE, in light of the disclosures in the art that teach away from the invention, i.e., that the conventional polypropylene should have reduced crystalinity before stretching, and that PTFE should be stretched slowly". Having read this court opinion, the examiner concluded that the relevant aspect of the opinion turned on the court's finding that a technical error had been argued in the justification of an obviousness combination of two teachings. The court finding of a technical distinction in this case could not be clearer. The court found that the combination of the properties of two unrelated polymers was technically incompatible and thus the teachings could not be properly combined. Thus the court followed common sense logic.

In the instant case, this court illustration demonstrates that the "teaching away" doctrine has limited, narrow technical validity and applicability of a **common sense** variety. Since the art being combined in the obviousness rejections in this case is analogous and more importantly solves the problem, it is logical to combine the various prior art references for the motivations stated in the above rejections without having explicit teachings in the references telling the ordinary practitioner to make the combinations.

(d) Re. Appellant's assertion that a CLU would not have not known how to offer a retirement buyer's obvious interests in a plan which converts assets into an annuity

in a step by step process with a plurality of iterations and recalculations, and that the CLU would not have known because there were no products available in the market.

PLASE SEE THE RESPONSE TO THE KNOWLEDGE OF ONE OF ORDINARY SKILL ABOVE IN RESPONSE TO GENERAL ARGUMENT A subsidiary Argument (1).

(e) Re. a lack of demonstrated motivation to combine the references (p. 23, ll. 27-31) - Please see the examiner's response to General Argument regarding motivation in item 3 above.

ARGUMENT B - RESPONSE

Appellant’s arguments concerning the independent claims are fundamentally based on the GENERAL ARGUMENTS above which the examiner has responded to in detail above and in the rejections above and on the record. The examiner’s responses to additional detail concerning the independent claims and the responses to arguments concerning the dependent claims are also are contained in the above rejections and in the rejections on the record. Further, the dependent claims are Applicant Admitted Prior Art because Appellant failed to timely and properly traverse the examiner’s Official Notice for the dependent claims.

SUMMARY

1. The claimed limitations in the instant application represented predictable results to the ordinary practitioner of the art at the time of Appellant’s invention.

2. The examiner has provided a combination of evidence and thorough rationale for a proper *prima facie* case of obviousness in rejecting Appellant’s claims.

(11) Related Proceeding(s) Appendix

No decision rendered by a court or the Board is identified by the examiner in the Related Appeals and Interferences section of this examiner's answer.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

Siegfried E. Chencinski
Patent Examiner

/Alexander Kalinowski/
Supervisory Patent Examiner, Art Unit 3691

Conferees:

/J. A. K./ for Vincent Millin,
Appeals Conference Specialist

/A. K./
Supervisory Patent Examiner, Art Unit 3691